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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 09/592,618 | 06/13/2000 | Jay S. Walker | 00-012 | 5604 |

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| EXAMINER | |
|---|---|
| BORISSOV, IGOR N | |
| ART UNIT | PAPER NUMBER |
| 3629 | |

DATE MAILED: 03/08/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

| Office Action Summary | Application No. | Applicant(s) | |
|---|---|---|---|
| | 09/592,618 | WALKER ET AL. | |
| | Examiner | Art Unit | |
| | Igor Borissov | 3629 | |

*-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --*

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 03 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

1)☒ Responsive to communication(s) filed on *09 December 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

4)☒ Claim(s) *1-28,30-53,59-64 and 81-87* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-28,30-53,59-64 and 81-87* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

**Application Papers**

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

## DETAILED ACTION

### *Continued Examination Under 37 CFR 1.114*

A request for continued examination under 37 CFR 1.114 was filed in this application after appeal to the Board of Patent Appeals and Interferences, but prior to a decision on the appeal. Since this application is eligible for continued examination under 37 CFR 1.114 and the fee set forth in 37 CFR 1.17(e) has been timely paid, the appeal has been withdrawn pursuant to 37 CFR 1.114 and prosecution in this application has been reopened pursuant to 37 CFR 1.114. Applicant's submission filed on 12/09/2004 has been entered.

### *Response to Amendment*

Amendment received on 10/09/2004 is acknowledged and entered. Claims 29, 54-58 and 65-80 have previously been canceled. Claims 1, 30, 47, 49, 51, 52, 53, 59, 63, 64, 81, 85 and 86 have been amended. Claims 1-28, 30-53, 59-64 and 81-87 are currently pending in the application.

### *Claim Objections*

Claims 63 and 64 are objected to because of the following informalities:

Claims 63 and 64 appear to contain a misspelled phrase: *"...wherein said benefit allows <u>said to</u> purchase said at least one product..."*

Appropriate correction is required.

### *Claim Rejections - 35 USC § 101*

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**Claims 1-28, 30-57, 59-64 and 81-85 are rejected under 35 U.S.C. 101 because the claimed method for rewarding a party does not recite a limitation in the technological arts**. The independently claimed steps of: *receiving information*

*relating to a first transaction; determining, by a computing device, a benefit, said benefit based at least in part on said information; determining a price for said benefit; charging the price to a customer associated with the first transaction; and applying said benefit during a second transaction,* are abstract ideas which can be performed mentally without interaction of a physical structure.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson,* 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.,* the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the

patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

The claims of the present application are distinguished from the claims analyzed in the decisions of *State Street, Alappat, Arrhythmia* and *AT&T*, where the claims in these cases clearly involved the use of technology as shown below.

**State Street**: The claims were in means plus function form and directed to a data processing system for managing a financial services configuration of a portfolio established as a partnership; the claims included limitations of a computer processor means for processing data, a storage means for storing data on a storage medium along with first through fifth means for processing different types of financial data. As such, the claims analyzed in *State Street* clearly involved the technological arts and, therefore, whether or not the claimed invention involved the technological arts was not an issue.

**AT&T Corp**: The claims were directed to a method for use in a telecommunications system in which interexchange calls initiated by each subscriber are <u>automatically</u> routed over the facilities of a particular one of a plurality of interexchange carriers associated with that subscriber comprising generating a

message record for an interexchange call between an originating subscriber and a terminating subscriber, and including, in said message record, a primary interexchange carrier (PIC) indicator having a value which is a function of whether or not the interexchange carrier associated with said terminating subscriber is a predetermined one of said interexchange carriers. In considering these claims, it is clear that technology is being used to "automatically route" calls over the facilities of interexchange carriers and generating a message record for the call. Furthermore, the courts, in analyzing these claims, clearly indicated that they recognized the claims require the use of switches and computers. See *AT&T Corp. v. Excel Communications Inc.*, 50 USPQ2d at 1450 (Fed. Cir. 1999). The court further noted that AT&T's claimed process employs subscriber's and call recipients' PICs as data, applies Boolean algebra to those data to determine the value of the PIC indicator, and applies that value through *switching and recording mechanisms* to create a signal useful for billing purposes. See *AT&T Corp. v. Excel Communications Inc.*, 50 USPQ2d at 1453 (Fed. Cir. 1999). As such, the claims analyzed in AT&T clearly involved the technological arts as recognized by the court and, therefore, whether or not the claimed invention involved the technological arts was not an issue.

**Alappat**: The claims were directed to a rasterizer for converting vector list data representing sample magnitudes of an input waveform into anti-aliased pixel illumination intensity data to be displayed on a display means comprising various means for determining distances and means for outputting illumination intensity data. Alappat's invention related generally to a means for creating a smooth waveform display in a digital oscilloscope and as indicated by the court, Alappat's invention is an improvement in an oscilloscope comparable to a TV having a clearer picture. The court reasoned that invention was statutory because the claimed invention was directed to a "machine". See *In re Alappat*, 31 USPQ2d at 1552-54 (Fed. Cir. 1994). Furthermore, in the decision of *AT&T Corp.*, the courts recognized that the claims in Alappat were for a machine that achieved certain results. See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 50 USPQ2d at 1452 (CAFC 1999). Once again, these claims

clearly involve the technological arts as recognized by the court and, therefore, whether or not the claimed invention involved the technological arts was not an issue.

**Arrhythmia**: The claims were directed to a method for analyzing electrocardiograph signals to determine the presence or absence of a predetermined level of high frequency energy in the late QRS signal including the step of converting a series of QRS signals to time segments, each segment having a digital value equivalent to the analog value of said signals at said time. In considering these claims, it is clear that technology is being used to convert a series of QRS signals to time segments having a digital value. Once again, these claims clearly involve the technological arts since one could not convert a signal to a time segment having a digital value without the aid of a computer or some processing device and, therefore, whether or not the claimed invention involved the technological arts was not an issue.

Contrary to the claims in the above-cited cases, in the present application, claims 1-28, 30-57, 59-64 and 81-85 are process steps that are employed completely without the use of any technology whatsoever. The claims are no more than a suggested idea of offering a future discount to a customer in exchange of certain obligation from the customer. The claims are completely devoid of any means to carry out a process implementing the idea of *receiving information relating to a first transaction; determining a benefit, said benefit based at least in part on said information; determining a price for said benefit; charging the price to a customer associated with the first transaction.*

Furthermore, in accordance with MPEP 2106 (IV)(B)(2)(b) "Statutory Process Claims", not all processes are statutory under 35 U.S.C. 101. *Schrader*, 22 F.3d at 296, 30 USPQ2d at 1460. To be statutory, a claimed computer related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the

technological arts. See *Diamond v. Diehr*, 450 U.S. at 183-184, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)). The claims in the present application do not appear to satisfy either of the two conditions listed above. First, the claims do not include limitations that would suggest a computer is being used to transform the data from one form to another that would place the invention in the technological arts. Second, disregarding the fact that there is no computer claimed that would physically transform the data, there does not appear to be any physical transformation of data. The claims merely determine *a benefit* and *a price for said benefit*; however, said *benefit* and *a price for said benefit* appears to be an arbitrary abstract thing and not a discrete value resulting from a calculation of these parameters by a computer or processor. In other words, the claims suggest that if the information relating to the first transaction meets certain conditions, then the customer is eligible for the future benefit, however, the value of the future benefit appears to be arbitrarily set by some other means (possibly a human) and not a result of an algorithm performed by a computer or processor specifically analyzing said information. Thus, there neither appears to be any physical transformation of data from one form to another, which is based upon an algorithm or a calculation by a computer or processor, nor is there any technology claimed that would be used to transform the data.

Because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims and claims depending from them, are not permitted under 35 USC 101 as being related to non-statutory subject matter.

## Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

**Claims 1-4, 6-9, 11-25, 28, 30-33, 35-38, 40-44, 46-53, 59-64 and 81-87 are rejected under 35 U.S.C. 103(a) as being unpatentable over Williams (US 2002/0049631) in view of Daughtery, III (US 5,884,286) (Daughtery).**

Williams teaches a method for providing purchasing incentives to a plurality of retail store environments, comprising:

*Independent Claims*

**As per claim 1,**

- receiving information relating to a first transaction [0020];
- determining a benefit, said benefit based at least in part on said information [0013]; [0020];
- determining a value of said benefit [0038]; and
- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to

obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claim 30**,

- receiving information relating to a transaction [0020];

- determining a benefit and a qualifying action for said benefit, said benefit based at least in part on said information [0020]; [0038];

- determining a value of said benefit [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claims 47 and 49**,

- conducting a transaction for a purchase of a first service [0020];

- determining a benefit during said transaction, said benefit associated with a future purchase of a second service, [0020]; [0038];

- determining a value of said benefit [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claims 51 and 52,**

- receiving information relating to a first transaction [0020];

- determining a benefit, said benefit based at least in part on said information [0013]; [0020];

- determining a value of said benefit [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claim 53,**

- receiving information relating to a first transaction [0020];
- determining a benefit [0013]; [0020];
- determining a value of said benefit [0038]; and
- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an

"option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claim 59,**

- determining at least one product being purchased by a customer during a first transaction [0020]; [0038];

- determining a price for said at least one product being purchased during said first transaction [0020]; [0038];

- determining a benefit, said benefit based at least in part on said information [0013]; [0020];

- determining a value of said benefit [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to

as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claims 63 and 64,**

- determining at least one product being purchased by a customer during a first transaction [0020]; [0038];

- determining a price for said at least one product being purchased during said first transaction [0020]; [0038];

- determining a benefit and a value of said benefit [0020]; [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to

obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claim 81,**

- determining a first price for which a product (a unit of a product) is being purchased as a part of a first transaction [0020]; [0038];

- determining a benefit and a value of said benefit [0020]; [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

**As per claims 85 and 86,**

- determining a price for a product (a plurality of products) during a first transaction [0020]; [0038];

- determining a benefit and a value of said benefit [0020]; [0038]; and

- applying said benefit during a second transaction [0063].

Furthermore, Williams teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money (purchase a product) in exchange for said benefit [0020]; [0039].

However, Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.

Daughtery teaches a method for executing option transactions, wherein a purchaser buys a "call" which guarantees the purchaser ability to buy a certain product at specified price. Specifically, Daughtery teaches "option" technique, wherein an "option" is similar to an insurance policy in that it insures that an asset may be purchased or sold at a later time at a set price in return for a premium, often referred to as an option premium, which is generally a relatively small percentage of the current value of the asset (C. 1, L. 22-30).

It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include selling the benefit ("call" option) to a customer, as disclosed in Daughtery, because it would advantageously allow the purchaser to obtain the desired product in future at the guaranteed price rather than at increased price (Daughtery; C. 1, L. 58-61), thereby save funds.

*Dependent Claims*

Furthermore, Williams teaches,

**As per claims 2 and 32**, said method, further comprising at least one of the following: retrieving benefit information; offering said benefit for sale at said price; receiving an indication of a purchase of said benefit; and receiving an indication of a customer's agreement to purchase said benefit [0037] - [0039].

**As per claims 3 and 33**, said method, further comprising at least one of the following: determining an available subsidy; receiving a subsidy amount; and determining a margin between a price and a subsidy amount [0040]; [0051]; [0052].

**As per claims 4 and 31**, said method, further comprising:

- verifying usability of said benefit during said second transaction [0020] - [0022]; [0037] - [0039].

**As per claims 6 and 35**, said method, further comprising at least one of the following: establishing a condition on said benefit; determining a condition associated with said benefit; and providing an indication of a condition associated with said benefit [0020] - [0022].

**As per claims 7 and 36**, said method, further comprising at least one of the following: receiving an indication of a receiver of said benefit; canceling said benefit; changing said benefit; and redeeming said benefit [0020] - [0022].

**As per claims 8 and 37**, said method, further comprising at least one of the following: receiving a customer identifier; receiving a group identifier; receiving a customer device identifier; receiving a payment identifier; receiving a retailer identifier; receiving a benefit identifier; receiving a service identifier; and receiving a product identifier [0031] - [0035].

**As per claims 9 and 38**, said method, further comprising at least one of the following: redeeming a previously determined benefit; receiving a request to redeem said benefit; aggregating said benefit with a previously determined benefit [0006]; [0019]; [0022].

**As per claims 11-12 and 40**, providing a list of at least two benefits; receiving an indication of a selection of one of said at least two benefits; receiving an indication of at least one person to whom said benefit is to be provided [0037] - [0039].

**As per claims 13, 19, 20-22, 46, 48, 50 and 87,** see reasoning applied for claims 1, 30, 49 and 86.

**As per claims 14, 15 and 41,** associating a qualifying action (purchasing an identified product) with said benefit [0020]; [0038].

**As per claims 16-17 and 42-44**,

- receiving an indication of a completion of said qualifying action [0024]; [0038];

- providing said benefit after receiving said indication [0024]; [0038];

- arranging for said benefit to be provided after receiving said indication [0024]; [0038].

**As per claim 18,** said method, wherein said transaction information includes a customer identifier [0037].

**As per claim 23**, said method, wherein said benefit is a previously determined benefit [0039].

**As per claims 24 and 25**, providing a receipt (coupon) to a customer, wherein said receipt includes a benefit identifier [0022].

**As per claim 28**, said method, wherein said benefit cannot be applied during said first transaction [0022].

**As per claims 60-62,** providing said customer a benefit identifier [0047].

**As per claim 82**, outputting to the customer a document that entitles the customer to be charged the same (first) price for the product (unit of the product) [0044].

**As per claim 83**, receiving the document from the customer during a second transaction [0024]; [0031].

**As per claim 84**, charging the customer the same (first) price for the product [0044].

**Claims 5, 10, 34 and 39 are rejected under 35 U.S.C. 103(a) as being unpatentable over Williams in view of Daughtery and further in view of Walker et al. (US 5,970,470) (Walker).**

*Dependent Claims*

**As per claims 5, 10, 34 and 39**, Williams in view of Daughtery teach all the limitations of claims 5, 10, 34 and 39, except teaching imposing a penalty or reducing the benefit if a customer does not complete a specific future transaction.

Walker teaches a method for establishing and managing subscription purchase agreements, wherein a customer's account may be assessed a penalty in the event that the customer does not honor the purchase terms and conditions (C. 2, L. 63 – C. 3, L. 4).

It would have been obvious to one having ordinary skill in the art to modify Williams and Daughtery to include imposing a penalty if a customer does not complete

a specific future transaction, as disclosed in Walker, because it would advantageously allow to minimize losses incurred by vendors who provide benefits for their customers.

**Claims 26-27 and 45 are rejected under 35 U.S.C. 103(a) as being unpatentable over Williams in view of Daughtery and further in view of Mindrum et al. (US 4,723,212) (Mindrum).**

*Dependent Claims*

**As per claims 26-27 and 45**, Williams in view of Daughtery teach all the limitations of claims 26-27 and 45, except that the benefit is transferable, and wherein said benefit can be shared by a plurality of people.

Mindrum teaches a method for dispensing discount coupons, wherein said coupons are distributed to different groups of customers (C. 1, L. 25-54).

It would have been obvious to one having ordinary skill in the art to modify Williams and Daughtery to include that the benefit is transferable and can be shared by a plurality of people, as disclosed in Mindrum, because it would advantageously attract new customers, thereby increase revenue.

***Response to Arguments***

In response to applicant's argument that adding the claim limitation "*via a computing device*" obviates claim rejections under 35 U.S.C. 101, it is noted that in accordance with MPEP 2106 (IV)(B)(2)(b) "Statutory Process Claims", to be statutory, a claimed computer related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the technological arts. See *Diamond v. Diehr*, 450 U.S. at 183-184, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)). The claims in the present application do not appear to satisfy either of the two conditions listed above. First, the claims do not include limitations that would suggest a computer is being used to transform the data from one form to another that

would place the invention in the technological arts. Second, there does not appear to be any physical transformation of data. The method step "*determine, by a computing device, a benefit*" may be understood as merely using a computer to display a list of benefits to choose from by a store operator by looking at said computer monitor, wherein displayed information could be a file stored in the computer memory, which would constitute a trivial use of technology. However, the claimed invention must utilize technology in a non-trivial manner (*Ex parte Bowman, 61 USPQ2d 1665, 1671 (Bd. Pat. App. & Inter. 2001)).* Although Bowman is not precedential, it has been cited for its analysis. In this case there neither appears to be any physical transformation of data from one form to another, which is based upon an algorithm or a calculation by a computer or processor.

Therefore, because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims and claims depending from them, are not permitted under 35 USC 101 as being related to non-statutory subject matter.

***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure (see form PTO-892).

Any inquiry concerning this communication should be directed to Igor Borissov at telephone number (703) 305-4649 before April 13, 2005, and (571) 272-6801 after that date.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist before April 13, 2005, whose telephone number is (703) 872-9306.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's Supervisor, John Weiss, can be reached at (703) 308-2702 before April 13, 2005, and (571) 272-6812 after that date.

Any response to this action should be mailed to:

***Commissioner of Patents and Trademarks***

***Washington D.C. 20231***

or faxed to:

**(703) 872-9306** [Official communications; including After Final communications labeled "Box AF"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th floor receptionist.

Igor Borissov
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Art Unit 3629

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02/26/2005